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U.S. INDICTS SIX MEN IN DOT-COM SECURITIES FRAUD

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced today the arrest of five individuals charged in an Indictment with securities fraud, and conspiracy to commit securities fraud, mail fraud and wire fraud, for their involvement in selling private placement shares for a company called Internet Holdings.com. Four of the defendants are expected to be presented in federal court today in Manhattan, while a fifth defendant was arrested in Vermont and is to be presented there.

According to the Indictment, from in or about June 1999 through in or about September 2000, ROBERT H. DUPES, HURSON BELIZAIRE, SCOTT H. ROSS, PATRICK M. SCHIRO, JOHN HASSLER, DANIEL G. PERNA, and others, sold or caused the sale of private placement shares in a start-up venture called Internet Holdings.com LLC, by making various written and oral misrepresentations about Internet Holdings, and fraudulently omitting to disclose material information about the company. The

Indictment charges that the six defendants conspired to commit securities fraud, mail fraud and wire fraud by making false and fraudulent statements about Internet Holdings over the telephone, and using high pressure sales tactics to induce investors to send funds to Internet Holdings. It further charges the defendants with making false and misleading statements in the company's offering materials about Internet Holdings. In addition, the Indictment charges that excessive, secret, undisclosed commissions of up to approximately 50 percent of the proceeds raised through the sales of the Internet Holdings were paid to brokers by cash, and checks and wire transfers from the Internet Holdings bank account, and that a substantial portion of the proceeds of the sales of the Internet Holdings securities were misappropriated.

According to the Indictment, DUPES paid BELIZAIRE, ROSS, SCHIRO, HASSLER, PERNA, and others, secret cash commissions and other forms of commissions from the sale of Internet Holdings securities ranging up to 50 percent.

According to the Indictment, DUPES and others withdrew and debited from the Internet Holdings bank account in excess of approximately \$770,000 in proceeds from the sale of Internet Holdings securities, most of which was used for purposes other than those represented to investors. Approximately \$237,250 worth of checks were made payable to "Cash" and signed by DUPES; approximately \$111,650 worth of checks were made payable directly

to DUPES or "Robert Dupes, Inc." and endorsed by DUPES; and approximately \$42,470 in wire transfers were made to an account in the name of DUPES at JP Morgan Chase.

If convicted, DUPES, BELIZAIRE, ROSS, SCHIRO, HASSLER and PERNA each face a maximum sentence of 10 years in prison on the securities fraud charge, and a \$1 million fine. They face a maximum of five years in prison on the conspiracy charge, and a \$250,000 fine.

Mr. KELLEY praised the investigative efforts of the Federal Bureau of Investigation. He said the investigation is continuing.

Assistant United States Attorney STEVEN D. FELDMAN is in charge of the prosecution.

The charges contained in the Indictment and criminal complaints are merely accusations, and the defendants are presumed innocent unless and until proven guilty.

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